

## **Appropriation: Helium Fund and Operations**

### **ACTIVITY SUMMARY**

*The Helium Act Amendments of 1960, Public Law 86-777 (50 U.S.C. 167), authorized activities to provide sufficient helium to meet the current and foreseeable future needs of essential government activities. The Helium Privatization Act of 1996, Public Law 104-273, discontinued production and sale of refined helium. Proposed regulations are being drafted to facilitate administration and implementation of other provisions granted under 50 U.S.C. 167.*

## Summary of Requirements (\$000)

Comparison by Activity/ Subactivity	2003 Actual		2004 Estimate		Uncontrollable & Related Changes (+/-)		Program Changes (+/-)		2005 Budget Request		Inc(+) / Dec(-) from 2004	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Helium Fund*	55	15,000	55	20,000	0	0	0	+1,000	47	21,000	0	+1,000
Offsetting Collections*		-15,000		-20,000				-1,000		-21,000		-1,000
<b>OPERATING PROGRAMS:</b>	<b>55</b>	<b>14,000</b>	<b>55</b>	<b>19,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+1,000</b>	<b>47</b>	<b>20,000</b>	<b>0</b>	<b>+1,000</b>
Production & Sales	9	6,000	9	10,000	0	0	0	+2,000	10	12,000	0	+2,000
Transmission & Storage Operations	13	3,000	13	3,000	0	0	0	+1,000	13	4,000	0	+1,000
Administrative & Other Expenses	33	4,000	33	6,000	0	0	0	-2,000	24	4,000	0	-2,000
<b>CAPITAL INVESTMENT:</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>
Land, Structures, & Equipment	0	1,000	0	1,000	0	0	0	0	0	1,000	0	0
* These numbers represent the most current estimates, and may not necessarily match data in the MAX System.												

## Activity: Helium Fund and Operations

### Activity Summary (\$000)

	2003 Actual Amount	2004 Estimate Amount	Uncontrollable & Related Changes (+/-) Amount	Program Changes (+/-) Amount	2005 Budget Request Amount	Inc(+) Dec(-) from 2004 Amount
Helium Fund *	15,000	20,000	0	+1,000	21,000	+1,000
Offsetting Collections	-15,000	-20,000	0	-1,000	-21,000	-1,000
FTE	55	55	0	-8	47	0

\* Helium fund estimates do not include debt repayments from offsetting collections.

### PROGRAM OVERVIEW

In 2005, the Helium program supports the Resource Use mission goal from the Department's Draft Strategic Plan by providing helium requirements of essential Federal government programs. The BLM New Mexico Field Office located in Amarillo, Texas will accomplish this objective through crude helium transmission and storage of Federal and private crude helium via the helium storage system; the administration of the sale of crude helium (coordinated with the private helium industry so as not to disrupt the helium market); the evaluation of helium resources; and the administration of helium extracted from Federal lands. The helium storage system ensures that excess helium produced from natural gas processing plants connected to the pipeline network is conserved for future use. Federally owned natural gas containing marketable helium reserves will be identified and contracted for sale or royalty to enhance conservation of crude helium already in storage.

The *Helium Privatization Act of 1996*, P.L. 104-273, significantly changed the objectives and functions of this program. This legislation established revised guidelines for the helium program. Specifically, it directed BLM to:

- Continue the storage and transmission of crude helium.
- Sell the crude helium reserve over an extended period.
- Oversee production of helium on Federal lands.
- Conduct a National Academy of Sciences study on helium issues.

As of October 2001, the legislation has resulted in the reduction of personnel from 173 (in 1997) to 49, cessation of refining functions, and initiation of orderly disposal of the excess property. Remaining severance costs, annual leave reimbursement, and environmental cleanup costs will add to the funds typically required in a normal year. These costs are expected to be variable, depending on the effects of personnel reductions and on the results of environmental assessments of the decommissioned production facilities. Divestiture of the Amarillo and Exell

plant sites will be influenced, in part, on the results of the Environmental Site Assessments. Based on findings from Phase One Environmental Site Assessments, no significant environmental cost increases are expected.

In 2005, the program will continue to meet the needs of Federal customers through "in-kind" crude helium sales to Federal helium suppliers and open market sales in accordance with the *Helium Privatization Act of 1996*. All the income derived from crude helium sales, from private helium storage, and from fee sales/royalty payments for helium extracted from Federal lands will pay the full costs of the program.

In 2005, the Helium program will:

- Continue storage and transmission of crude helium.
- Administer helium fee and royalty contracts for helium extracted from gas produced on Federal lands.
- Administer the in-kind and open market crude helium gas sale programs.
- Conduct helium resource evaluation and reserve tracking to determine the extent of helium Resources.
- Complete the disposal of helium refining-related facilities not needed for the storage and transmission of crude helium.

### JUSTIFICATION OF 2005 PROGRAM CHANGES

2005 PROGRAM CHANGES		
	2005 Budget Request	Program Changes (+/-)
Helium Fund (\$000)	21,000	+1,000
Offsetting Collections (\$000)	-21,000	-1,000
FTE	47	-8

The 2005 budget request for the Helium Fund and Operations is \$21,000,000 and 47 FTE, a program change of +\$1,000,000 from the 2004 level. This change is offset by \$1,000,000 in additional collections.

In 2003 and 2004, in conjunction with private industry, there was a new helium enrichment unit added to the facilities at the Cliffside Gas Field. This addition will ensure that helium offered for sale in accordance with the Act can be provided in the most efficient and timely way possible.

## Budget Schedules

### PROGRAM AND FINANCING (MILLION \$)

Identification code: 14-4053-0-2-302		2003 Actual	2004 Enacted	2005 Request
Obligations by program activity:				
00.01	Production and Sales	10	10	10
00.02	Transmission and storage	4	4	4
00.03	Administrative and other expenses *	83	43	35
10.00	Total new obligations	97	57	49
* The 2003 actual includes an \$82.0 million repayment of the Helium fund debt. Estimated repayments in 2004 and 2005 are \$37.0 million and \$28.0 million, respectively.				

Identification code: 14-4053-0-2-302	2003 Actual	2004 Enacted	2005 Request
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	40	3	0
22.00 New budget authority (gross)	88	79	79
22.60 Portion applied to repay debt	-28	-25	-30
23.90 Total budgetary resources available for obligations	100	57	49
23.95 Total new obligations	-97	-57	-49
24.40 Unobligated balance available, end of year	3	0	0
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	87	79	79
69.10 Change in uncollected customer payments from Federal sources	1	0	0
69.90 Total new budget authority (gross)	88	79	79
Change in obligated balances:			
72.40 Unpaid obligations, start of year	0	0	0
73.10 Total new obligations	97	57	49
73.20 Total outlays (gross)	-94	-59	-49
74.00 Change in uncollected customer payments from Federal sources	-1	0	0
74.40 Unpaid obligations, end of year	2	-2	0
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	88	39	49
86.98 Outlays from current mandatory balances	6	20	0
87.00 Total outlays (gross)	94	59	49
Offsets:			
Against gross budget authority and outlays			
Offsetting collections (cash) from Federal sources	87	79	79
Against gross budget authority only:			
88.95 From Federal sources: Changes in receivable and unpaid, unfilled orders	0	0	0
Net budget authority and outlays:			
89.00 Budget authority	0	0	0
90.00 Outlays.	9	-20	-30

**OBJECT CLASSIFICATION (MILLION \$)**

Identification code: 14-4053-0-2-302	2003 actual	2004 enacted to date	2005 Estimate
Reimbursable obligations:			
11.3 Personnel compensation: other than full-time permanent	3	3	3
12.1 Civilian personnel benefits	1	1	1
22.5 Other services	13	18	18
31.0 Equipment	2	2	2
43.0 Interest and dividends	78	33	25
99.9 Total new obligations	97	57	49

**PERSONNEL SUMMARY**

Identification code: 14-4053-0-2-302	2003 actual	2004 enacted to date	2005 estimate
Direct Programs:			
Full-time equivalent employment	54	55	47

**BALANCE SHEET (MILLIONS \$)**

Identification code: 14-4053-0-4-302	2002 actual	2003 actual	2004 enacted to date	2005 estimate
ASSETS: Federal assets				
1101 Federal assets: Fund balances with Treasury	36	40	36	26
Other Federal assets				
1802 Inventories and related properties	355	355	336	336
1803 Property, plant and equipment, net	10	10	10	10
1999 Total assets	401	405	401	372
LIABILITIES Federal liabilities				
2102 Interest payable	1,030	948	868	786
2103 Debt	289	252	224	196
2299 Total liabilities	1,319	1,200	1,092	982
NET POSITION				
3300 Cumulative results of operations	-918	-795	-691	-610
3999 Total net position	-918	-795	-691	-610
4999 Total liabilities and net position	401	405	401	372

**STATEMENT OF OPERATIONS (MILLIONS \$)**

Identification code: 14-4053-0-4-302	2002 actual	2003 actual	2004 enacted to date	2005 estimate
Sales program:				
0101 Revenue	15	114	90	90
0102 Expense	-8	-15	-20	-21
0105 Net income or loss	7	99	70	69